EXHIBIT 16

CHDO PRE-DEVELOPMENT LOAN REQUIREMENTS

The CHDO must submit a plan for use of the Pre-Development Loan for a **CHDO-eligible** project or projects to the HOME Program. HOME will approve the use of the CHDO Pre-Development Loan **only** if there is a reasonable expectation that the project will prove feasible.

Repayment Requirements. Repayment of the CHDO Pre-Development Loan is required, including if the project is determined feasible and is not completed. Repayment may be made from construction loan proceeds or other project income or the loan may be incorporated into additional project financing.

HOME may waive repayment of the loan, in whole or in part, if there are impediments to project development that HOME believes are reasonably beyond the control of the CHDO and the project does not go forward.

Eligible Costs. The CHDO must clearly demonstrate that the CHDO Pre-Development Loan will be used for eligible costs. The CHDO may use the CHDO Pre-Development Loan either as a Site Control Loan or as a Seed Money Loan.

Technical Assistance and Site Control Loans – used prior to gaining site control. Eligible costs include:
- Initial feasibility study
- Consulting Loans
- Cost of preliminary financial application
- Loans: architects, legal, engineers, development team
- Site control expenses
- Title clearance costs

Seed Money Loan – CHDO must have site control and preliminary financial commitments. Eligible costs include:
- Cost of construction loan commitments
- Architectural plans and specifications
- Costs of zoning approvals
- Costs of engineering studies
- Legal Loans

Environmental Review. An Environmental Review Record (ERR) must be completed and approved by HOME prior to commitment of any funds for use as a Seed Money Loan. An ERR is **not** required prior to commitment or expenditure of funds for Technical Assistance and Site Control Loans.

Match. A CHDO Pre-Development Loan, like any other use of HOME funds, requires a 5% match from non-federal sources. The match liability will be waived if the project does not proceed.